



Liberty Utilities (Granite State Electric) Corp. d/b/a Liberty Utilities

DE 18-057
Electric Assistance Program

Staff Data Requests - Set 1

Date Request Received: 11/22/19
Request No. Staff 1-4

Date of Response: 12/13/19
Respondent: Heather Tebbetts

REQUEST:

Reference Staff TS 1-1, Attachment A and Staff TS 1-2.

AFUDC and burdens are applicable to capital projects. IT costs associated with the EAP design changes at issue in this docket, if approved by the Commission, will be reimbursed from the low-income portion of the system benefits charge. *See* Order 26,132 (May 4, 2018) at 5; Pre-Hearing Transcript (October 23, 2019) at 5 and 8. Does Liberty agree that:

- costs associated with the EAP design change are not associated with a capital project; and
- AFUDC and burdens should not be included in Liberty's request for cost recovery.

If not, please explain Liberty's rationale for assessing AFUDC and burdens. If yes, please file an updated petition

RESPONSE:

The Company does not agree that costs associated with the EAP design change are not associated with a capital project. Projects classified as capital projects have a life longer than one year and provide future benefits. This project certainly provides future benefits to customers. AFUDC and burdens are costs associated with capital projects and are included in the cost of capital projects consistent with FERC accounting rules. Once the requested funds from the SBC are released to the Company for reimbursement, those funds will be treated as Contributions in Aid of Construction (CIAC), thus reducing the total capital for the project by the amount received.

The petition requests that the Commission:

- A. Find that the costs of the changes incurred by Eversource and Liberty to implement the EAP Advisory Board's recommendation and Order No. 26,132 were prudently incurred and reasonable in amount;
- B. Order that the identified costs be recovered by Eversource and Liberty; and
- C. Order such further relief as may be just and equitable.

Docket No. DE 18-057 Request No. Staff 1-4

The Company's request in the original petition includes the identified costs in its request for cost recovery and, as such, the Company will not be filing an updated petition.